

# FISCAL NOTE WORKSHEET (Revised Nov. 2006)

Agency: Utah State Office of Education  
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 Requested By

Bill Number HB 149 S1

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Fax/Electronic Mail Transmittal

Date: _____
Name: _____
Fax Number: _____

Please return to Fiscal Analyst by: February 14, 2007

**TITLE OF BILL:** Class Size Reduction in Grades K through 3

This Bill Takes Effect: ☐ On Passage ☒ On July 1 ☐ 60 Days after session ☐ Other \_\_\_\_\_  
 Bill Carries Own Appropriation: ☐

## FISCAL IMPACT OF PROPOSED LEGISLATION

### A. Revenue Impact by Source of Funds:

**First Year**

**Second Year**

	First Year	Second Year
1. General Fund		
2. Unifrom School Fund - Free Revenue		
3. Transportation Fund		
4. Collections		
5. Other Funds (List Below)		
6 Local Funds		
7. TOTAL	<b>\$0</b>	<b>\$0</b>

### B. Expenditure Impact by Source of Funds:

1. General Funds		
2. Unifrom School Fund - Free Revenue	<b>\$110,000</b>	<b>\$112,090</b>
3. Transportation Fund		
4. Collections		
5. Other Funds (List Below)		
6 Local Funds		
7. TOTAL	<b>\$110,000</b>	<b>\$112,090</b>

### C. Expenditure Impact Summary:

1. Salaries, Wages and Benefits <u>program administration</u>	<b>\$110,000</b>	<b>\$112,090</b>
2. Travel		
3. Current Expenses		
4. Capital Outlay		
5. Other (Specify)		
6. TOTAL	<b>\$110,000</b>	<b>\$112,090</b>

### D. Impact in Future Years?

*If no fiscal impact in first two years, indicate if there will be any impact in future years, and explain. Also, indicate any significant changes in fiscal impact beyond the first two years.(Use back side, if necessary.)*

None.

**E. Identify Sections of the Bill That Will Generate the Additional Workload or Cost Increase**

Lines 120 forward require (1) receipt and approval of class size reduction plans from LEAs (2) preparation and publication of model plans for use by LEAs (3) class size accounting and reporting by both USOE and LEAs (4) imposition of financial penalties by USOE for noncompliance. All of these are new responsibilities.

**F. Expenditure Impact Details (*Ties to totals in Section C*)**

WHY THE SUBSTITUTE ESTIMATE IS SO DIFFERENT -- The note on the substitute bill is very different because, unlike the original, which introduces a new program based on mandatory upper limits on class size, the substitute only changes the criteria under which LEAs participate in the existing class size reduction program. It does not in itself allocate additional funds (it leaves that to the appropriation bill) or mandate upper limits, although it does create an incentive for LEAs to make continual progress toward the latter. ASSUMPTIONS REGARDING STATE ADMINISTRATION -- The variety of new responsibilities will probably be handled by reallocating existing resources in the Finance and Statistics, Computer Services (integration of planning and reporting into the OnTrack program management system) and Curriculum and Instruction (model plans) Sections. It would be hard for one person as a "class size" specialist to do the job alone, because a variety of skills and established responsibilities must be involved, but it's likely that collectively the equivalent of a professional FTE will be expended in the economic sense on program administration, that is, due to opportunity cost (or the previously planned work in other areas that will not now be done). The estimate for FY 2008 is by Tom Upton; it is adjusted for inflation in FY 2009.

**G. No Fiscal Impact or Will Not Require Additional Appropriations?**

Not applicable.

**H. If Bill Carries It's Own Appropriation:**

None. But, based on the analysis of the original bill, which would require about \$45 million just in classroom personnel (and many times more than that in facilities from local sources) to move the state to the same class size target, it is unlikely that an additional \$5 million in HB 3 (line 65 in this bill), will move the state very far along, or, if "annual adjustments" continue at that pace, very fast, especially in light of the state's demographic surge in the early grades that is just beginning.

**I. Impact on Local Governments, Businesses, Associations, and Individuals**

LEAs: As with the USOE, this bill imposes new administrative requirements on LEAs, which they will likely handle within the normal course of their business. However, compared to the current program, under which all LEAs simply receive class size reduction funds proportional to membership, the planning, accounting and reporting burden will probably be greater on LEAs whose demographic situation makes it difficult to ensure continual progress toward the target sizes in order to ensure continuation of funding.

Businesses and Associations: None

Individuals: None

Narrative Description of Bill: This bill increases the appropriation for class size reduction; provides a condition for school districts and charter schools to participate in the class size reduction appropriation of: meeting a class size cap for kindergarten through the third grade; or having a class size reduction plan approved by the State Board of Education; requires certain reports; requires the Legislature to provide for an annual adjustment in the appropriation for class size reduction. This bill also coordinates with H.B. 3 and H.B. 160 by providing that certain amendments in this bill supersede the amendments in those bills and vice versa.